

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 2, 2008
POSITION: Neutral, note concerns

BILL NUMBER: SB 1585
AUTHOR: A. Padilla

BILL SUMMARY: Community College: Improve Transfer Success Pilot

The bill would establish a voluntary 5-year "Improve Transfer Success Pilot Program", to increase the number of community college students who move from basic skills to transfer level coursework and ultimately succeed in transferring to a four-year institution. The Chancellors Office may identify ten community colleges that reflect the state's geographic and student diversity to participate in the pilot program. The bill also requires the Trustees of the California State University and the Regents of the University of California and independent colleges and universities to establish a formal university outreach program that addresses what each campus can do to help students successfully transfer to a four-year university.

The bill specifies that the Chancellor is authorized to accept private funds to implement the pilot and the pilot shall only be implemented if sufficient funds are deposited with the state. Further, the Director of Finance shall notify the chancellor in writing when sufficient funds have been deposited.

FISCAL SUMMARY

The Chancellor's office estimates approximately 3,350 students would be eligible to participate in the pilot program statewide. To accommodate the specified counseling services in the bill without redirecting counseling services away from other students, the Chancellors office estimates an additional cost to local districts who volunteer for the program to be approximately \$300,000 based on the following for a 33-week instruction year: One part-time counselor at 60 percent time (15 hours of counseling and 3 hours of classroom presentation per week) = roughly \$25,000 to \$36,000 plus an additional \$5,000 for benefits. The Chancellor's office assumed \$27,000 plus \$5,000 in benefits.

The Chancellor's office would incur an additional cost of up to \$100,000 to comply with the reporting requirement specified within the bill. If not funded through donations, this would be a General Fund cost.

The University of California (UC) has estimated costs of almost \$209,000 to provide advisory services at ten California Community Colleges, which would require hiring two additional staff, providing advising materials and staff travel, and coordinating site visits to UC campuses. UC indicates this cost is absorbable.

The Board of Trustees and the Chancellor's of the California State University (CSU) also indicates their costs for this bill are absorbable. We conclude the CSU, like UC, would redirect similar resources of approximately \$200,000 per year toward the pilot.

To the extent this pilot is determined to be successful and should be implemented at all colleges, Finance estimates statewide costs of ten times the pilot cost, or approximately \$2 million General Fund each, to the UC and CSU, which would likely not be absorbable. Similarly, Proposition 98 cost pressure for statewide implementation at the community colleges would be roughly \$3 million.

COMMENTS

Finance is neutral at this time, but notes concerns as follows:

- It is inappropriate to specify the Director of Finance as the party to determine if sufficient private funds have been accumulated to trigger the pilot program. The Chancellor would be the appropriate party to certify if the costs of the pilot can be met since they collect the donations and would be obligated to expend the resources sufficient to carry out and report on the pilot program. Further, it is unclear what costs are intended to be funded with private donations — would that include other wise absorbable costs to districts, UC, or CSU?

Analyst/Principal (0343) T. Todd	Date	Program Budget Manager Jeannie Oropeza	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
AUTHOR **AMENDMENT DATE**

Form DF-43
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SB 1585

- The need for a new program to assist basic skills students in achieving transfer is unclear given very recent Proposition 98 local assistance augmentations to community colleges of \$63 million for basic skills students, a \$2 million augmentation to UC for cooperative transfer outreach with community colleges, significant other outreach funding in both UC and CSU that include community college students and other base budget resources in all three segments devoted to transfer success. Specifically, the community college local assistance budget includes \$33.1 million to enhance services to basic skills students based on methods supported by research, and \$30 million was recently provided to increase funding rates for non-credit courses. Both of these provide considerable resources for the colleges to implement the more intensive counseling and attention to the bill's targeted students and to work with the UC and CSU.
- We note concern that should this pilot program be determined successful, it would create pressure for statewide implementation at a cost in the range of \$7 million for UC, CSU, local colleges and the Chancellor's office. \$3 million would be a Proposition 98 GF pressure and the remainder a non-98 GF pressure for UC, CSU and the Chancellor's Office.
- Absent specific intent in this bill that UC and CSU costs shall be funded through donations and the segments' response to the bill's fiscal impact, this bill appears to require UC and CSU to absorb costs for establishing a formal new outreach program for the pilot programs. Department of Finance is concerned that these costs not come at the expense of instruction or student services and believes this bill should specify that any costs to these segments should either come from donations or existing budgeted outreach funding.

Provisional language within the Budget Act also specifies that community college enrollment growth for apportionment funding should be allocated to give highest priority to transfer, basic skills, and career technical education courses and are provided to the maximum extent possible within budgeted funds.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
6870/Comm College	LA	Yes		-----	See Fiscal Summary	-----			0001
6440/UC	SO	No		-----	No/Minor Fiscal Impact	-----			0001
6610/CSU	SO	No		-----	No/Minor Fiscal Impact	-----			0001
6870/Comm College	SO	No		--	C	\$100	C	\$100	0001